

**Bob Holden**  
Governor



**ALMA MCKINNEY**  
Director

**Jacquelyn D. White**  
Commissioner

State of Missouri  
**OFFICE OF ADMINISTRATION**  
Division of Personnel  
430 Truman Building, 301 West High Street  
Post Office Box 388  
Jefferson City, Missouri 65102  
INTERNET: <http://www.oa.mo.gov/pers>  
E-MAIL: [persmail@mail.state.mo.us](mailto:persmail@mail.state.mo.us)

(573) 751-4162  
FAX (573) 751-8641

August 11, 2004

To: Department Directors, Department Personnel Officers and Union Contacts

From: Alma G. McKinney, Director

Subject: FY2006 Pay Plan Recommendations

Attached are the Personnel Advisory Board's pay plan recommendations for Fiscal Year 2006, as provided to Governor Holden on August 10, 2004.

The Board's recommendations include fundamental elements of compensation which will provide equitable treatment of state employees, including general structure adjustments and market progression within-grade salary advancements. Their focus continues to be the recruitment and retention of a quality state workforce through compensation measures which are competitive with the labor market.

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Attachments

# PERSONNEL ADVISORY BOARD

## FY 2006 Pay Plan Recommendations

August 10, 2004

The Personnel Advisory Board is proposing three main compensation policy elements for FY 2006:

**General Structure Adjustment** 3.3% based on economic indicators; with an additional 2.7% to compensate for the wage suppression that has occurred in Fiscal Years 2002 - 2004 due to the budget crisis. 6.0% Total.

**Within Grade Increases** (4% or 2%, depending upon the employee's pay rate relative to the market rate);

**Repositioning** of classes to address turnover, significant overtime required to fill in for that turnover, the shortage of available applicants for hard to fill positions and average salaries that trail the labor market. The Board is recommending two range repositioning for the classes RN I through RN VII, and LPN I – II – III. This would represent increases ranging from 5.1% to 8.1% for those classes. For twelve classes the Board is recommending an additional one step increase of approximately 2%. The classes listed continue to represent viable concerns based on turnover, salary compression, and market comparability issues. The estimated costs of all the recommendations are on page 9.

The **General Structure Adjustment** is also referred to as a COLA or an across-the-board increase. Percentage adjustments to the compensation structure allow state employee salaries to keep pace with the general economy, living costs, and with increases provided by other employers with whom the state competes for employees. The economic indicators used by the Board for the pay plan recommendations show that a 3.3% increase is indicated. In July 2003 employees earning less than \$40,000 received a \$600 increase. In July 2004 all employees received a \$1200 increase. These two dollar based adjustments equate to over 11% at the lowest pay levels and less than 2% at the highest pay levels. At the Uniform Classification and Pay System average salary of \$28,000 the increase is 6.4% over the past two years. While flat dollar increases have been beneficial for addressing pay problems in the lowest classes, it is not equitable for employees in professional, technical, supervisory and management jobs who have devoted their careers to state government and worked their way into their current positions, many of which are at higher pay levels.

A proposal voiced at the pay plan hearing and echoed by many present was for the Board and the state to consider an additional general structure adjustment to make up for the years when no increase was given. This would also serve to bring the recruitment rates into better alignment with labor market pay rates. As such, the board is proposing the 2.7% additional recommendation for all state employees. This would also provide the lowest paid workers with an increase equivalent to \$1800 if all of the recommendations are funded.

All employees receive the General Structure Adjustment. The Board looks at the same indicators each year to lend objectivity to this recommendation. These economic indicators are below:

### General Structure Adjustment Economic Components

Economic Indicator	Percentage
<b><u>Consumer Price Index - St. Louis CPI-U</u></b> All Urban Consumers, Increase in 2nd half of 2003 over the 2nd half of 2002	2.5%
<b><u>Employment Cost Index (ECI) for Wages and Salaries</u></b> Midwest Region (excludes Benefits) Increase from December 2002 to December 2003	3.9%
<b><u>World at Work Projected Salary Structure Increases</u></b> for 2004 for Non-Exempt Salaried Workers	3.6%
<b><u>Growth in Personal Income in Missouri (GPI)</u></b> Increase of 4 quarters ending September 2003 Over the 4 quarters ending September 2002	3.2%
<b>Average of the Indicators Listed</b>	<b>3.3%</b>

<b>Additional General Structure Adjustment Percentage</b>	<b>2.7%</b>
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<b>TOTAL GENERAL STRUCTURE ADJUSTMENT PERCENTAGE</b>	<b>6.0%</b>
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### **Within Grade Increases**

The Board is recommending that employees with 18 months of continuous state service who meet or exceed their performance expectations receive a 2-step within grade increase (4%) if the employee is paid two or more steps below the market rate for their pay range, or a one step increase (2%) if the employee is paid one step below, at or above the market rate for the pay range to which their class is assigned. Employees at the top step of the range are not eligible for the increase.

Within-Grade increases are the performance component of the pay plan recommendations. Within grade increases are not automatic, but are dependent upon standards of individual employee performance being met or exceeded. The expectations are delineated in the performance management plan for each employee. It is the role of management to establish the performance expectations and assure the citizenry that employees who receive pay increases are delivering services at an expected level of proficiency. It is the responsibility of management to continually re-assess the employees who are not meeting expectations to bring their performance up to the required level, or take other action.

It is critically important to the on-going operations of state government that employees who are performing at an expected level receive a within-grade increase for their performance on an annual basis. A one-step increase is about 2%, and a two-step increase is about 4%. Salary advancements within the range are intended to provide employee incentive, allow for administrative flexibility acknowledging the fact that not all positions within a class carry the same responsibilities and difficulties, and recognize individual differences in ability and

performance among employees in the same class. Contrary to the belief of many, these increases are not provided to state employees on a regular basis unless specifically funded in the appropriations process. Most importantly, within-grade increases reinforce successful performance of employees and enhance employee morale as their salary increases along with their increased proficiency, experience and contribution to the agency.

The Market Progression Within Grade program had been very successful in efforts to advance employees who were proficiently performing their jobs. It addressed the low end compression problem of employees who just completed probation (6 months of service) earning the same as employees with many years of service. It also made the salaries of all state workers more competitive with labor market salaries by advancing the pay of employees to the market rate. In July 2000 (FY 2001) the market progression within grade was limited to one-step. Since that time it has not been funded at all. As a result, almost as many employees are paid below market rates for their jobs now (81%) as in 1995 when the problem was first addressed (82%). One-third of UCP system employees are on the first three steps of the pay ranges. This type of pay increase serves to reverse this trend while positively impacting employee morale, relieving low end compression and recognizing the length of service and performance of experienced workers.

**MARKET PROGRESSION WITHIN-GRADE**  
**Estimated Cost and Impact of Market Progression Within-Grade Salary Advancements for UCP**  
**System Classified / Covered Positions**

Agency Code	Agency	# of Employees	Total Salaries	# of Eligible Employees	% of Eligible Employees	Within Grade Estimate	Within Grade %
300	OFFICE OF ADMINISTRATION	776	\$28,314,745	758	97.7%	\$828,995	2.93%
350	AGRICULTURE	293	\$9,772,429	283	96.6%	\$298,217	3.05%
375	INSURANCE	122	\$3,841,031	112	91.8%	\$109,547	2.85%
419	ECONOMIC DEVELOPMENT	1,242	\$43,657,124	1,133	91.2%	\$1,193,112	2.73%
555	HIGHER EDUCATION	57	\$1,984,260	47	82.5%	\$55,008	2.77%
580	HEALTH & SENIOR SERVICES	1,903	\$67,598,148	1,791	94.1%	\$1,953,763	2.89%
625	LABOR & INDUSTRIAL REL	938	\$31,935,756	886	94.5%	\$825,120	2.58%
650	MENTAL HEALTH	8,485	\$235,422,258	7,593	89.5%	\$5,386,849	2.29%
780	NATURAL RESOURCES	1,645	\$57,113,483	1,584	96.3%	\$1,900,192	3.33%
*812	PUBLIC SAFETY	2,039	\$55,415,754	1,579	77.4%	\$1,197,357	2.16%
860	REVENUE	1,929	\$55,822,755	1,765	91.5%	\$1,615,727	2.89%
886	SOCIAL SERVICES	8,226	\$241,057,123	7,611	92.5%	\$7,422,714	3.08%
931	CORRECTIONS	11,384	\$317,242,842	10,407	91.4%	\$9,608,160	3.03%
	<b>TOTALS</b>	<b>39,039</b>	<b>\$1,149,177,708</b>	<b>35,549</b>	<b>91.1%</b>	<b>\$32,394,761</b>	<b>2.81%</b>

*\*DPS Number of Employees Corrected 8/30/2004*

**Repositioning** is the assignment of a job class to a higher pay range. This is the fine tuning element of the pay plan to address situations in job classes where recruitment and retention issues affect the ability of the agency to perform the work. The most pressing issues identified have been in the 24 hour, patient care operations, and in a couple of corrections and social service classes. Over a year ago, the Board, with the Division of Personnel staff, the agencies and the Missouri Commission on Total Compensation identified a limited number of classes for repositioning based on turnover, recruitment challenges and labor market pay. The amount of overtime necessary to accomplish the work was also a consideration. The classes proposed below represent situations where the work is difficult, the pay is low relative to other employers, and turnover is high. All of these factors conspire to add to the difficulty in recruiting and retaining employees. The cycle below illustrates the difficulty of working and managing in many of our facilities and institutions.

Difficult Work & Conditions	+	Low Pay	=	Turnover
Turnover	+	Recruitment & Retention Challenges	=	Staff shortages
Staff shortages	+	24 Hour Coverage	=	Overtime
Overtime	=	Employee burnout	=	Paid leave

#### Two Pay Range Repositioning for RNs and LPNs

An issue that is seriously affecting the operations of both the Department of Mental Health and the Missouri Veterans Homes is the recruitment and retention of RNs and LPNs. In a labor market rife with staff shortages, recruitment and retention incentives offered by private health care employers make recruitment and retention that much more difficult. The RN and LPN classes that comprise the majority of employees (LPN II-III and RN III-IV) are the higher level classes requiring experience. In these jobs, voluntary turnover is 20-25%, which is not surprising when state pay trails the market by 10-26%. The average salary divided by the market rate is an indication of where employees are paid in the range relative to the market rate for the pay range. This ratio is very high (99%) for the LPN and RN classes indicating that the pay problem is more one of range assignment rather than pay within the range. The agency must hire the employees at a higher rate in the pay range to compete, thereby minimizing future advancement opportunities within the range.

#### **RN and LPN TWO RANGE REPOSITIONING COSTS BY CLASS**

Title Code	Class Title	Current Pay Range	Proposed Pay Range	# of Employees	Two Range Repositioning Cost
004317	LPN I GEN	A12	A14	18	\$25,284
004318	LPN II GEN	A13	A15	208	\$309,084
004319	LPN III GEN	A16	A18	91	\$192,444
004320	REGISTERED NURSE I	A20	A22	5	\$11,988
004321	REGISTERED NURSE II	A22	A24	66	\$176,381
004322	REGISTERED NURSE III	A25	A27	357	\$1,129,072
004323	REGISTERED NURSE IV	A27	A29	173	\$646,181
004324	REGISTERED NURSE V	A28	A30	18	\$76,788
004325	REGISTERED NURSE VI	A30	A32	4	\$18,048
004326	REGISTERED NURSE VII	A32	A34	0	\$0
<b>TWO RANGE REPOSITIONING TOTALS</b>				<b>940</b>	<b>\$2,585,269</b>

Costs by agency are on page 7.

### One-Step for Identified Job Classes

The following twelve classifications were previously identified as being in need of adjustment beyond the general structure adjustment and within-grade salary advancements. The classes listed below continue to represent viable concerns based on turnover, and market comparability issues. A one-step increase within the range is indicated where job classes are experiencing turnover, market comparability and pay compression problems and the employees are paid relatively low in the range. A one step increase maintains the pay differential between classes, obviating the need for repositioning of related classes. As noted above, consistent within-grade increases every year would address both market comparability and retention problems, while correcting and preventing low end pay compression within the pay ranges. The average salary divided by the market rate for these classes is 92%, further confirming the within-grade solution over repositioning for these particular classes.

### **ONE ADDITIONAL STEP WITHIN-GRADE COST BY CLASS**

<b>Title Code</b>	<b>Class Title</b>	<b>Pay Range</b>	<b># of Employees</b>	<b>One Step Cost</b>
002061	COOK I	A07	67	\$19,980
002062	COOK II	A10	309	\$100,464
002063	COOK III	A15	129	\$56,592
004301	CLIENT ATTENDANT TRAINEE	A05	287	\$67,586
004307	PSYCHIATRIC AIDE I	A07	762	\$219,427
004311	NURSING ASST I	A06	461	\$129,900
004312	NURSING ASST II	A09	47	\$16,680
004380	DEVELOPMENTAL ASST I	A07	1,657	\$488,526
005001	CORRECTIONS OFCR I	A15	4,880	\$1,972,560
005077	YOUTH SPECIALIST	A18	520	\$243,210
005199	SOCIAL SERVICE WORKER I	A18	278	\$121,489
005200	SOCIAL SERVICE WORKER II	A20	1,505	\$826,500
<b>ONE STEP INCREASE TOTALS</b>			<b>10,902</b>	<b>\$4,262,914</b>

Costs by agency are on page 8.

### ESTIMATED COST AND IMPACT OF TWO RANGE REPOSITIONING

Agency	Title Code	Class Title	Pay Range	# of Employees	Repositioning Cost
ECONOMIC DEVELOPMENT	004325	REGISTERED NURSE VI	A30	2	\$8,364
<b>ECONOMIC DEVELOPMENT Total</b>				<b>2</b>	<b>\$8,364</b>
HEALTH & SENIOR SERVICES	004323	REGISTERED NURSE IV	A27	1	\$3,036
<b>HEALTH &amp; SENIOR SERVICES Total</b>				<b>1</b>	<b>\$3,036</b>
MENTAL HEALTH	004317	LPN I GEN	A12	17	\$23,940
	004318	LPN II GEN	A13	191	\$287,712
	004319	LPN III GEN	A16	5	\$10,476
	004320	REGISTERED NURSE I	A20	5	\$11,988
	004321	REGISTERED NURSE II	A22	59	\$160,103
	004322	REGISTERED NURSE III	A25	301	\$965,086
	004323	REGISTERED NURSE IV	A27	106	\$421,349
	004324	REGISTERED NURSE V	A28	7	\$32,244
	004325	REGISTERED NURSE VI	A30	1	\$4,740
<b>MENTAL HEALTH Total</b>				<b>692</b>	<b>\$1,917,637</b>
PUBLIC SAFETY	004317	LPN I GEN	A12	1	\$1,344
	004318	LPN II GEN	A13	3	\$4,068
	004319	LPN III GEN	A16	82	\$173,076
	004321	REGISTERED NURSE II	A22	2	\$3,780
	004322	REGISTERED NURSE III	A25	49	\$141,942
	004323	REGISTERED NURSE IV	A27	52	\$175,728
	004324	REGISTERED NURSE V	A28	8	\$33,096
<b>PUBLIC SAFETY Total</b>				<b>197</b>	<b>\$533,034</b>
SOCIAL SERVICES	004318	LPN II GEN	A13	13	\$15,636
	004321	REGISTERED NURSE II	A22	5	\$12,498
	004322	REGISTERED NURSE III	A25	7	\$22,044
	004323	REGISTERED NURSE IV	A27	4	\$13,644
	004324	REGISTERED NURSE V	A28	1	\$4,476
<b>SOCIAL SERVICES Total</b>				<b>30</b>	<b>\$68,298</b>
CORRECTIONS	004318	LPN II GEN	A13	1	\$1,668
	004319	LPN III GEN	A16	4	\$8,892
	004323	REGISTERED NURSE IV	A27	10	\$32,424
	004324	REGISTERED NURSE V	A28	2	\$6,972
	004325	REGISTERED NURSE VI	A30	1	\$4,944
<b>CORRECTIONS Total</b>				<b>18</b>	<b>\$54,900</b>
<b>GRAND TOTAL</b>				<b>940</b>	<b>\$2,585,269</b>

### ESTIMATED COST AND IMPACT OF ADDITIONAL ONE STEP WITHIN-GRADE

Agency	Title Code	Class Title	Pay Range	# of Employees	One-Step Cost
HEALTH & SR SERVICES	005199	SOCIAL SERVICE WORKER I	A18	25	\$11,112
	005200	SOCIAL SERVICE WORKER II	A20	295	\$167,190
<b>HEALTH &amp; SENIOR SERVICES Total</b>				<b>320</b>	<b>\$178,302</b>
MENTAL HEALTH	002061	COOK I	A07	29	\$8,640
	002062	COOK II	A10	33	\$11,592
	002063	COOK III	A15	16	\$7,296
	004301	CLIENT ATTENDANT TRAINEE	A05	287	\$67,586
	004307	PSYCHIATRIC AIDE I	A07	762	\$219,427
	004380	DEVELOPMENTAL ASST I	A07	1,657	\$488,526
<b>MENTAL HEALTH Total</b>				<b>2,784</b>	<b>\$803,067</b>
PUBLIC SAFETY	002061	COOK I	A07	24	\$7,272
	002062	COOK II	A10	16	\$5,856
	002063	COOK III	A15	9	\$4,236
	004311	NURSING ASST I	A06	461	\$129,900
	004312	NURSING ASST II	A09	47	\$16,680
<b>PUBLIC SAFETY Total</b>				<b>557</b>	<b>\$163,944</b>
SOCIAL SERVICES	002061	COOK I	A07	2	\$684
	002062	COOK II	A10	43	\$13,752
	002063	COOK III	A15	14	\$5,928
	005077	YOUTH SPECIALIST	A18	520	\$243,210
	005199	SOCIAL SERVICE WORKER I	A18	253	\$110,377
	005200	SOCIAL SERVICE WORKER II	A20	1,210	\$659,310
<b>SOCIAL SERVICES Total</b>				<b>2,042</b>	<b>\$1,033,261</b>
CORRECTIONS	002061	COOK I	A07	12	\$3,384
	002062	COOK II	A10	217	\$69,264
	002063	COOK III	A15	90	\$39,132
	005001	CORRECTIONS OFCR I	A15	4,880	\$1,972,560
<b>CORRECTIONS Total</b>				<b>5,199</b>	<b>\$2,084,340</b>
<b>ONE STEP CLASSES TOTAL</b>				<b>10,902</b>	<b>\$4,262,914</b>

### ESTIMATED TOTAL "REPOSITIONING" COST AND IMPACT

Agency	Agency	# Of Classes	# of Employees	Repositioning Cost
419	ECONOMIC DEVELOPMENT	1	2	\$8,364
580	HEALTH & SENIOR SERVICES	3	321	\$181,338
650	MENTAL HEALTH	15	3,476	\$2,720,704
812	PUBLIC SAFETY	12	754	\$696,978
886	SOCIAL SERVICES	11	2,072	\$1,101,559
931	CORRECTIONS	9	5,217	\$2,139,240
	<b>TOTAL ALL CLASSES</b>		<b>11,842</b>	<b>\$6,848,183</b>

There are 22 unique classes recommended for two range repositioning or the one step increase. The total number of classes in the list appears greater as classes may be used by more than one agency.



**FY 2006 PAY PLAN RECOMMENDATIONS**  
**Estimated Total Costs Including Benefits**

**General Structure Adjustment (3.3%)**

Pay System	General Revenue	Non-General Revenue	Total	Percentage of Total Personal Service
UCP System Agencies	\$31,208,850	\$20,592,161	\$51,801,011	3.30%
Non-UCP Agencies	\$9,474,507	\$18,261,607	\$27,736,114	3.30%
Total 3.3% General Structure Adjustment	\$40,683,357	\$38,853,768	\$79,537,125	3.30%

**General Structure Adjustment (2.7%)**

Pay System	GR	Non-GR	Total	% TPS
UCP System Agencies	\$25,534,513	\$16,848,134	\$42,382,647	2.70%
Non-UCP Agencies	\$7,751,869	\$14,941,316	\$22,693,185	2.70%
Total 2.7% General Structure Adjustment	\$33,286,382	\$31,789,450	\$65,075,832	2.70%

**Within Grade Salary Advancements of One or Two Steps**

Pay System	GR	Non-GR	Total	% TPS
UCP System Agencies	\$26,170,441	\$17,991,775	\$44,162,216	2.81%
Non-UCP Agencies	\$8,077,357	\$15,568,675	\$23,646,032	2.81%
Total Within Grade Increases	\$34,247,798	\$33,560,449	\$67,808,248	2.81%

**Repositioning of Two Ranges for RNs and LPNs and One Step for 12 Classes**

Pay System	GR	Non-GR	Total	% TPS
UCP System Agencies	\$6,269,733	\$1,893,301	\$8,163,034	0.52%
Non-UCP Agencies	\$1,492,953	\$2,877,587	\$4,370,540	0.52%
Total Repositioning for Specific Classes	\$7,762,686	\$4,770,888	\$12,533,574	0.52%

**Total All Compensation Elements**

Pay System	GR	Non-GR	Total	% TPS
UCP System Agencies	\$89,183,538	\$57,325,370	\$146,508,908	9.33%
Non-UCP Agencies	\$26,796,686	\$51,649,184	\$78,445,871	9.33%
Total for All Agencies	\$115,980,224	\$108,974,555	\$224,954,779	9.33%

General Structure Adjustment Estimates are based on FY 2004 Total Personal Service Appropriations. Within Grade and Repositioning estimates are based on June 2004 data from SAM II HR/Payroll System and FY 2004 Total Personal Service Appropriations. The above estimates include fringe benefits tied to salaries of 19.2%.

## **TURNOVER**

Overall, the state's turnover is running at 16.1% compared to 14.6% for other state and local governments. The voluntary turnover (resignation rate) for the state is 8.9% compared to 6.8% for other governments. Uniform Classification and Pay System total turnover is 17.4% and voluntary is 10.2%. Greater turnover translates to greater investments in training, less experienced workers serving the public, lower productivity, the need for stronger recruiting efforts, staff shortages and overtime. Turnover data by agency is included on pages 13 and 14.

## **SALARY SURVEYS**

The Division of Personnel participates in four major salary surveys. The results of these surveys are analyzed to determine the pay comparability of state jobs to that of other employers. The surveys we participated in are:

- ❑ The Central States Compensation Survey (Consisting of 20 state governments)
- ❑ The Southeastern States Compensation Survey (14 state governments)
- ❑ The CompData Missouri Survey (Public, private and not-for-profit employers in Missouri)
- ❑ Health Alliance of Mid America Survey (Health care facilities in Missouri)

The pay of state job classes trails the average pay of workers in other employers by 13.9%. The UCP system market rates trail the average salaries of other employers by 5.7%. 187 state job classes were matched to the survey classes. 25,600 employees are in the classes matched to the survey classes. This represents about two-thirds of the employees in the UCP System.

Of the RN and LPN classes, the six classes for which survey data is available are 21% behind the market and have greater than 18% voluntary turnover: LPN I-II and RN I-IV.

Of the 12 classes recommended for an additional step, survey data exists for 7 classes: Cook I-II, Psychiatric Aide I, Nursing Assistant I, Corrections Officer I, Youth Specialist and Social Service Worker II. The average pay gap for these classes is 14.6% behind the market, with turnover ranging from 12.6 – 46%. The Client Attendant Trainee still experiences very high turnover with a 66% voluntary turnover rate. Of the remaining four classes on the list, two have turnover greater than 15%, Nursing Assistant II and Social Service Worker I, while two others, Cook III and Developmental Assistant, I have 7% and 11% turnover, respectively.

Graphs representing the overall salary survey results are on pages 15 and 16.

## **SUMMARY**

The recommendations contained in this report represent a 10% pay increase for most employees. Some employees could receive as much as 18%, while others would be eligible for 6%. The establishment and revision of pay for positions in the public service is a complex and sometimes controversial aspect of management. The ramifications of any pay plan are many as this responsibility of human resource management is related to revenues, budgetary prioritization of demands, the nature of public employment and, the provision of benefits in addition to salary. State employees, taxpayers, the Governor, legislators, appointing authorities, budget officials and the unions all have a vital interest in one or more aspects of the pay plan; however, they do not all have the same objectives.

In a competitive labor market, employees will be attracted to and accept the positions providing the most competitive salaries and benefits. The amount of compensation is one of the major

determinants of the quality of the applicants for positions in any governmental unit. While it is true that tenure considerations and reasonable hours and working conditions are attractions of public service, these should be used as further means of attracting qualified applicants and employees, rather than as a substitute for actual compensation. Employees live on their paychecks. They do not live on their health insurance, retirement, annual and sick leave or holidays. These recommendations serve to boost the starting rates of pay and the actual rates of pay of employees, thereby increasing the competitiveness of state jobs, while recognizing the performance, experience and contribution of longer term employees. The recommendations also propose some “fine tuning” adjustments, in response to labor market demands and high turnover. The Personnel Advisory Board and the Director realize that salary administration should not be a matter of group pressures or of personal influence, but decisions should be reached in consideration of pertinent facts and principles that have been verified in practice.

The problem of compensation is one of the most complex in the area of human resource management and is unsurpassed in importance of maintaining a workforce with a high level of competence. It involves intricate technical problems as well as major policy questions, and demands the most serious attention of administrators and legislators. The importance of the state’s compensation policy is reinforced by the Missouri Commission on Total Compensation, established and continued from the COMAP initiatives, to advance state salaries to the point where the state’s total compensation package is competitive with other private and public employers in Missouri. The Missouri Commission on Total Compensation’s Overarching Total Compensation Policy is on the next page.

The Personnel Advisory Board and the Director look forward to continuing the cooperative effort with the Missouri Commission on Total Compensation and all other stakeholders in advancing these recommendations. If implemented, the recommendations would reward employees for the excellent work performed, and would foster the state’s ability to recruit, employ, motivate and retain a highly competent, well trained and productive workforce.



## ***MISSOURI COMMISSION ON TOTAL COMPENSATION***

### **OVERARCHING TOTAL COMPENSATION POLICY**

July 17, 2002

It is the policy of the State of Missouri to deliver the highest quality services to the citizens and visitors of our state.

Competent, well trained, long-term employees are the most valuable asset in providing quality services to citizens, visitors and taxpayers of the State of Missouri.

Therefore, it will be the policy of the State of Missouri to develop a comprehensive plan that includes the following:

- A compensation package that includes salary and benefits that are equitable and cost-effective and assists the state in achieving the goal in recruitment, retention and increases the availability of competent applicants.
- An appropriate balance between salary and benefits;
- An internally equitable and externally competitive approach to salary and benefits.
- A design that addresses significant compensation issues related to turnover rates and availability of applicants for hard to fill positions.
- A strategic approach which forecasts staffing needs for critical positions of the state that includes but is not limited to turnover, availability of applicant pools and demographics.
- A high priority level throughout the budget process and funding commitment to attain and retain a high quality state employee workforce.
- A succession policy that supports the development of competent, well-trained managers and leaders in state government.

**Executive Branch Turnover by Agency  
April 1, 2003 – March 31, 2004**

Agency Code	Agency	Total Full Time Employees	Total Turnover Percentage	Voluntary Turnover Percentage	Total Separation Actions	Reasons for Leaving Employment				
						Resigned Agency (*)	Resigned State (**)	Dismissals	Retirement	Other Terminations (***)
300	OFFICE OF ADMINISTRATION	891	15.5%	7.6%	138	30	38	3	39	28
350	AGRICULTURE	336	17.0%	6.5%	57	3	19	1	22	12
375	INSURANCE	214	13.1%	8.0%	28	3	14	1	8	2
400	CONSERVATION	1,485	6.9%	3.6%	102	53	0	5	41	3
419	ECONOMIC DEVELOPMENT	1,357	15.6%	7.7%	211	36	69	4	92	10
500	ELEMENTARY & SEC EDUC	2,152	11.6%	5.8%	249	93	32	8	95	21
555	HIGHER EDUCATION	74	25.7%	23.0%	19	10	7	0	2	0
580	HEALTH & SENIOR SERVICES	1,975	18.2%	9.3%	359	34	149	23	120	33
605	MISSOURI TRANSPORTATION	6,309	6.9%	2.3%	437	11	133	40	239	14
625	LABOR & INDUSTRIAL RELATIONS	1,112	13.8%	4.4%	154	16	33	6	71	28
650	MENTAL HEALTH	8,778	24.3%	12.5%	2,133	489	611	459	387	187
780	NATURAL RESOURCES	1,780	11.9%	6.9%	212	117	6	8	69	12
812	PUBLIC SAFETY	4,324	23.7%	13.1%	1,026	345	221	267	102	91
860	REVENUE	2,043	12.3%	6.4%	252	21	110	28	85	8
886	SOCIAL SERVICES	8,552	17.8%	10.0%	1,520	263	595	73	429	160
931	CORRECTIONS	11,529	14.0%	10.1%	1,609	69	1,098	172	231	39
	<b>Totals</b>	<b>52,908</b>	<b>16.1%</b>	<b>8.9%</b>	<b>8,506</b>	<b>1,593</b>	<b>3,135</b>	<b>1,098</b>	<b>2,032</b>	<b>648</b>
	<b>Percent Turnover by Reason</b>					<b>18.7%</b>	<b>36.9%</b>	<b>12.9%</b>	<b>23.9%</b>	<b>7.6%</b>

Turnover for Uniform Classification and Pay System classified / covered positions was 17.4% and 10.2%, respectively, for Total and Voluntary Turnover.

#### TURNOVER REPORT FOOTNOTES:

(\*)Resigned Agency indicates the employee resigned from one agency and was employed by another agency.

(\*\*)Resigned State indicates the employee resigned from state government entirely.

These two columns represent "voluntary" turnover for the state.

(\*\*\*)Other Terminations indicate such separation reasons as End of Appointment, End of Term, Layoff, Deceased, etc.

Personnel Actions designating the "Reasons for Leaving Employment" were counted for the period April 1, 2003 through March 31, 2004.

Data was counted for full-time ( $\geq 50\%$  FTE), "permanent" employees only, as entered in the SAM II HR/Payroll System.

Total Full Time Employees = April 1, 2003 Employee Count + March 31, 2004 Employee Count divided by 2.

Total Turnover Percentage = "Total Separation Actions" divided by "Total Full Time Employees".

#### TURNOVER REPORT COMPARISON WITH OTHER GOVERNMENTS

By contrast, total State and Local government turnover for the United States, for the period January 2003 - December 2003, was 14.6%. The State and Local government quit rate during this period was 6.8%.

This compares to the State of Missouri total turnover of 16.8% and voluntary turnover of 9.1% for the same period.

---Source: U.S. Department of Labor, Bureau of Labor Statistics. Job Openings and Labor Turnover Estimates 2002 - 2003



